



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 29, 2005

### **S. 1129** **Development Bank Reform and Authorization Act of 2005**

*As ordered reported by the Senate Committee on Foreign Relations  
on July 26, 2005*

#### **SUMMARY**

S. 1129 would authorize the appropriation of contributions to the International Development Association, the African Development Fund, and the Asian Development Fund. The bill also would require the Department of Treasury to develop proposals for fighting corruption in developing countries. The bill outlines several policy goals with respect to the multilateral banks and developing countries and would require the U.S. Executive Director at each bank to vote and argue in favor of those specific policy goals. Finally, the bill would require the Government Accountability Office (GAO) to prepare reports on the multilateral banks.

CBO estimates that implementing S. 1129 would cost \$99 million in 2006, and about \$3.5 billion over the 2006-2010 period, assuming appropriation of the authorized amounts. The bill would not affect direct spending or receipts.

S. 1129 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1129 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law for Certain Multilateral Development Banks						
Budget Authority <sup>a</sup>	1,047	0	0	0	0	0
Estimated Outlays	939	471	249	56	38	21
Proposed Changes						
Estimated Authorization Level	0	1,201	1,201	1,201	115	0
Estimated Outlays	0	99	673	1,102	1,057	565
Spending Under S. 1129 for Certain Multilateral Development Banks						
Estimated Authorization Level <sup>a</sup>	1,047	1,201	1,201	1,201	115	0
Estimated Outlays	939	570	922	1,158	1,095	586
a. The 2005 level is the amount appropriated for that year for the International Development Association, the Asian Development Fund, and the African Development Fund.						

## BASIS OF ESTIMATE

The bill would authorize the appropriation of slightly more than \$3.7 billion for the replenishment of the resources of three international lending institutions that lend money to some of the world's poorest countries. Specifically, the bill would authorize the following amounts:

- \$2.85 billion for the International Development Association, a member of the World Bank Group, for the 14th replenishment of the Association's resources,
- \$461 million for the Asian Development Fund for the ninth replenishment of the Fund's resources, and
- \$407 million for the African Development Fund for the 10th replenishment of the Fund's resources.

The Administration has pledged these amounts in agreements with each of the multilateral banks. International agreements to replenish the resources of multilateral development banks typically cover a number of years. According to Administration documents, the replenishment agreements for the International Development Association and the African

Development Fund cover the 2006-2008 period, while the agreement for the Asian Development Fund covers the 2006-2009 period. CBO assumes, for this estimate, that the replenishment amounts would be provided in equal installments over the relevant period for each agreement. CBO estimates that implementing this bill would cost \$99 million in 2006, and about \$3.5 billion over the 2006-2010 period, assuming appropriation of the authorized amounts.

Section 8 would require GAO to produce four reports over the three-year period after enactment. CBO estimates that producing these reports would have an insignificant budget impact for each year.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1129 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

### **ESTIMATE PREPARED BY:**

Federal Costs: Sam Papenfuss

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Paige Piper/Bach

### **ESTIMATE APPROVED BY:**

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis